Business : Technology

Technology helps reinvent cell phone advertising

By Derrick Ho, The Associated Press
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SINGAPORE -- Mobile phones are a potential gold mine for advertisers, the most personal and intimate way to communicate and engage with subscribers -- more than 2 billion of them and counting worldwide.

Yet the advertisers' two-liner text pitches have largely fueled a growing hate club, with recipients quickly equating the messages with spam they abhor on desktops.

Now, thanks to improved technologies, advertisers believe they have struck upon the formula for getting their messages across without irking consumers. The development is important given the mobile handset's promise to be a "third screen" - - after the television and the desktop computer.

Several blue-chip brands such as Nokia Corp. and McDonald's Corp. have been experimenting with interactive ads on cell phones, taking advantage of the device's ability to know where you are. Customers have the option of finding the nearest retail outlet with the press of a key.

Others partner with search engines and e-mail services to slip in an ad or two, similar to how Google has mastered the use of e-mail and search keywords on the desktop to help determine which topics users find interesting and, in turn, what ads appear.

Better handsets and faster networks mean "more brands utilizing mobile devices for more advanced marketing and advertising initiatives," said Laura Marriott, executive director of the Denver-based industry trade group Mobile Marketing Association.

The search-based advertising model seems to be working in Japan -- a mature mobile phone market where the bulk of the 98 million mobile phone users have phones with Internet capabilities.

Japan's mobile advertising expenditures is expected to reach $1 billion by 2011 -- more than three times the $328 million last year, according to an April report from media and communication think tank Dentsu Communication Institute Inc.

Although subscribers had felt they were wasting their time and money going through ads while conducting searches on their phones, those concerns have diminished with faster speeds and flat-rate pricing for Web access, said Akira Miwa, the report's author.

Yahoo Inc. took the plunge in June with a mapping service that combines search and location-based mobile technology. All one has to do is to enter a keyword to appear.

The advertising industry is mindful of earlier mistakes, including inundating consumers with pop-up ads on the desktop and text messages on the phone.

Many agree that preserving a good customer experience is critical.

"Push marketing and spam have a very short shelf life," said Frank Brown, director of the mobile marketing and technology firm Sydus.

People need to feel, Brown said, that they had specifically invited the pitch or are engaging with the brand in a relevant and entertaining way.
Rebecca Ye, a 22-year-old Singaporean, said she wouldn't mind having ads sent to her phone as long as she had subscribed for them, like "a notification on upcoming sales."

"Let's say you're on the train and you get a message telling you something's going on somewhere you can just drop by," she said. "So it's very targeted and purposeful."

MobileOne, Singapore's second largest mobile communications provider, promises to cater only to the "willing customer."

Subscribers can choose to receive offers, free news headlines and advanced functions with an interactive ad-based text messaging service, but if a customer declines, "he continues to send and receive (text messages) the way he does today," Chief Executive Neil Montefiore said. "It is completely under the control of the customer."

Wireless carriers, meanwhile, are starting to loosen restrictions on third-party ads, which they had resisted for fear annoyed customers might defect to competitors. Until now, most mobile ads are found on content producers' own Web sites, which are accessed through a mobile browser rather than through the carrier's cell phone menu.

Yum Brands Inc.'s Pizza Hut and KFC are among the first to advertise through a free, ad-based e-mail service from Southeast Asia's largest operator, SingTel.